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THOMAS J. MOORMAN  
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*ADMITTED TO PRACTICE ONLY IN THE DISTRICT OF COLUMBIA*

WASHINGTON OFFICE  
SUITE 310  
5151 WISCONSIN AVENUE, N.W.  
WASHINGTON, D.C. 20016-4124  
TELEPHONE 202-944-9500  
FAX 202-944-9501

PLEASE RESPOND TO WASHINGTON ADDRESS

June 29, 2017

***VIA ECFS***

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

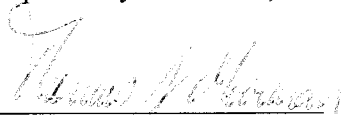
**Re: WC Docket No. 14-58  
Submission of FCC Form 481 for  
Armstrong Telephone Company – Northern Division (Study Area Code  
200267)**

Dear Ms. Dortch:

Attached for electronic filing is a copy of the public version of the FCC Form 481 of Armstrong Telephone Company – Northern Division (the “Company”) in response to the requirements of Section 54.313.

Please direct any questions concerning this matter to the undersigned.

Respectfully submitted,



Thomas J. Moorman  
Counsel to Armstrong Telephone Company – Northern Division

Attachment

**FCC Form 481 - Carrier Annual Reporting  
Data Collection Form**FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	200267
<015>	Study Area Name	ARMSTRONG TEL. CO.
<020>	Program Year	2018
<030>	Contact Name: Person USAC should contact with questions about this data	Carrie Curtis
<035>	Contact Telephone Number: Number of the person identified in data line <030>	7242830925 ext.50380
<039>	Contact Email Address: Email of the person identified in data line <030>	ccurtis@agoc.com
	Form Type	54.313 and 54.422

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<210> For the prior calendar year, were there any reportable voice service outages?

[illegible]

<b>(300) Unfulfilled Service Request Data Collection Form</b>		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013	
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<010> Study Area Code	200267
<015> Study Area Name	ARMSTRONG TEL. CO.
<020> Program Year	2018

<030> Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035> Contact Telephone Number - Number of person identified in data line <030>	724283.0925 ext. 50380
<039> Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

<300> Unfulfilled service request (voice)	0
---	---

<310> Detail on attempts (voice)	
----------------------------------	--

<320> Unfulfilled service request (broadband)	Name of Attached Document	0
---	---------------------------	---

<330> Detail on attempts (broadband)	Name of Attached Document
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(400) Number of Complaints per 1,000 customers Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
--	--

<010>	Study Area Code	200267
<015>	Study Area Name	ARMSTRONG TEL. CO.
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line	7242810925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line	ccurtis@agoc.com
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed voice
<410>	Complaints per 1000 customers for fixed voice	0.257
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed broadband
<440>	Complaints per 1000 customers for fixed broadband	0.0
<450>	Complaints per 1000 customers for mobile broadband	

(500) Compliance With Service Quality Standards and Consumer Protection Rules  
Data Collection Form

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	200267
<015>	Study Area Name	ARMSTRONG TEL. CO.
<020>	Program Year	2028
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtie
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830928 ext.50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtie@agcc.com
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
		200267wv510 .pdf
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	
<515>	Certify compliance with applicable minimum service standards	

(600) Functionality in Emergency Situations  
Data Collection Form

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	200267
<015>	Study Area Name	ARMSTRONG TEL. CO.
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoo.com
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	200267vv610.pdf

**(700) Price Offerings Including Voice Rate Data  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	200267
<015>	Study Area Name	ARMSTRONG TEL. CO.
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com
<701>	Residential Local Service Charge Effective Date	1/1/2017
<702>	Single State-wide Residential Local Service Charge	

[illegible]



OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

 $\langle 711 \rangle$ [illegible]

(800) Operating Companies  
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

[illegible]

(900) Tribal Lands Reporting  
Data Collection Form

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010> Study Area Code

200267

<015> Study Area Name

ARMSTRONG TEL. CO.

<020> Program Year

2018

<030> Contact Name - Person USAC should contact regarding this data

Carrie Curtis

<035> Contact Telephone Number - Number of person identified in data line <030>

7242830925 ext.50380

<039> Contact Email Address - Email Address of person identified in data line <030>

ccurtis@agoc.com

<900> Does the filing entity offer tribal land services? (Y/N)

No

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

**(1000) Voice and Broadband Service Rate Comparability  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	200267
<015>	Study Area Name	ARMSTRONG TEL. CO.
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

<1000> Voice services rate comparability certification

Yes

<1010> Attach detailed description for voice services rate comparability compliance

200267wv1010.pdf

Name of Attached Document

Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1020> Broadband comparability certification

<1030> Attach detailed description for broadband comparability compliance

200267wv1030.pdf

Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting  
Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	200267
<015>	Study Area Name	ARMSTRONG TEL. CO.
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext.50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

<1100>      Certify whether terrestrial backhaul options exist (Y/N)

Yes

<1130>      Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

**(1200) Terms and Condition for Lifeline Customers****Lifeline****Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	200267
<015>	Study Area Name	ARMSTRONG TEL. CO.
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

200267wv1210.pdf

**<1210> Terms & Conditions of Voice Telephony Lifeline Plans**

Name of Attached Document

**<1220> Link to Public Website**

HTTP agoc.com

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

**<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,****<1222> Details on the number of minutes provided as part of the plan,****<1223> Additional charges for toll calls, and rates for each such plan.**

**(2005) Price Cap Carrier Additional Documentation****Data Collection Form****Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	200267
<015>	Study Area Name	ARMSTRONG TEL. CO.
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

**Incremental Connect America Phase I reporting**

<2011>	3rd Year Certification 47 CFR §54.313(b)(1)(ii) - Note that for the July 2017 certification, this applies to Round 2 recipients of Incremental Support.	
<2022>	Recipient certifies, representing year three after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.	
<2023>	The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year three - 54.313(b)(2)(ii). Round 2 recipients only.	
<2024A>	Round 2 Recipient of Incremental Support?	
<2024B>	Attach list of census blocks indicating where funding was spent in year three - 54.313(b)(2)(ii). Round 2 recipients only.	
<2025A>	Round 2 Recipient of Incremental Support?	
<2025B>	Attach geocoded information for Phase I milestone reports (Round 2 for year three) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-73, paragraph 35 (May 22, 2013).	
<2015>	2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)	

## (2005) Price Cap Carrier Additional Documentation

## Data Collection Form

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

FCC Form 481

OMB Control No. 3060-0086/OMB Control No. 3060-0819

July 2013

**Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}**

&lt;2016&gt; Certification support used to build broadband

**Connect America Phase II Reporting {47 CFR § 54.313(e)}**

&lt;2017A&gt; Connect America Fund Phase II recipient?

&lt;2017C&gt; Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2016.

&lt;2018&gt; Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

&lt;2019&gt; Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(ii)(C)

Name of Attached Document Listing  
Required Information



(3005) Rate Of Return Carrier Additional Documentation  
Data Collection FormFCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	200267
<015>	Study Area Name	ARMSTRONG TEL. CO.
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext.50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)	Yes - Attach Certification	
(3010A)	Certification of Public Interest Obligations (47 CFR § 54.313(f)(1)(i))	200267wv3010.pdf	
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3012A)	Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))	Yes - Attach New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	200267wv3012b.xlsm
(3013)	Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	<input type="radio"/> <input checked="" type="radio"/>
Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:			
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input type="checkbox"/>
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input checked="" type="checkbox"/>
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.		<input checked="" type="checkbox"/>
If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	200267wv3026.pdf

## (3005) Rate Of Return Carrier Additional Documentation (Continued)

## Data Collection Form

FCC Form 481

OMB Control No. 3060-0386/OMB Control No. 3060-0819

July 2013

<010> Study Area Code	200267
<015> Study Area Name	ARMSTRONG TEL. CO.
<020> Program Year	2018
<030> Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035> Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039> Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agcc.com

## Financial Data Summary

(3027) Revenue	6731589
(3028) Operating Expenses	7461991
(3029) Net Income	-730402
(3030) Telephone Plant In Service(TPIS)	3470924
(3031) Total Assets	4823749
(3032) Total Debt	1988021
(3033) Total Equity	2835728
(3034) Dividends	0

Name of Attached Document Listing Required Information

<010>	Study Area Code	200267
<015>	Study Area Name	ARMSTRONG TEL. CO.
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext.50180
<039>	Contact Email Address - Email Address of person identified in data line <030>	courtia@agoc.com

**4005 Rural Broadband Experiment**

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

**Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)**

Please address Line 4001 regarding compliance with the Commission's public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

**Community Anchor Institutions – FCC 14-98 (paragraph 79)**

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.

Name of Attached Document Listing Required Information \_\_\_\_\_

**Broadband Deployment Locations – FCC 14-98 (paragraph 80)**

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.

Name of Attached Document Listing Required Information \_\_\_\_\_

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.

Name of Attached Document Listing Required Information \_\_\_\_\_

<b>Certification - Reporting Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

<010> Study Area Code	200267
<015> Study Area Name	ARMSTRONG TEL. CO.
<020> Program Year	2018
<030> Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035> Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039> Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

<b>Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients</b>	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: ARMSTRONG TEL. CO.	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/26/2017
Printed name of Authorized Officer: Mark Rankin	
Title or position of Authorized Officer: VP Financial Reporting	
Telephone number of Authorized Officer: 7242830925 ext. 50243	
Study Area Code of Reporting Carrier: 200267	Filing Due Date for this form: 07/03/2017
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

<b>Certification - Agent / Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	200267
<015> Study Area Name	ARMSTRONG TEL. CO.
<020> Program Year	2018
<030> Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035> Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039> Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent Firm: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Name of Authorized Agent Employee: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

## Attachments

**[700] Price Offerings including Voice Rate Data  
Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010> Study Area Code

200267

<015> Study Area Name

ARMSTRONG TEL. CO.

<020> Program Year

2018

<030> Contact Name - Person USAC should contact regarding this data

Carrie Curtis

<035> Contact Telephone Number - Number of person identified in data line <030>

7242830925 ext. 50380

<039> Contact Email Address - Email Address of person identified in data line <030>

ccurtis@qcc.com

<701> Residential Local Service Charge Effective Date

1/1/2017

<702> Single State-wide Residential Local Service Charge

<703>

<a1>		<a2>	<a3>	<b1>	<b2>	<b3>	<b4>	<b5>	<c>
State	Exchange (ILEC)	SAC (CETC)	Rate Type	Residential Local Service Rate	State Subscriber Line Charge	State Universal Service Fee	Mandatory Extended Area Service Charge	Total per line Rates and Fees	
WV	349		MS	4.45	0.0	0.0	0.0	4.45	
WV	349		MS	10.2	0.0	0.0	0.0	10.2	
WV	349		MS	17.0	0.0	0.0	0.0	17.0	
WV	349		FR	24.5	0.0	0.0	0.0	24.5	
WV	474		MS	4.45	0.0	0.0	0.0	4.45	
WV	474		MS	10.2	0.0	0.0	0.0	10.2	
WV	474		MS	17.0	0.0	0.0	0.0	17.0	
WV	474		FR	24.5	0.0	0.0	0.0	24.5	
WV	477		MS	4.45	0.0	0.0	0.0	4.45	
WV	477		MS	10.2	0.0	0.0	0.0	10.2	
WV	477		MS	17.0	0.0	0.0	0.0	17.0	
WV	477		FR	24.5	0.0	0.0	0.0	24.5	
WV	628		MS	4.45	0.0	0.0	0.0	4.45	
WV	628		MS	10.2	0.0	0.0	0.0	10.2	
WV	628		MS	17.0	0.0	0.0	0.0	17.0	
WV	628		FR	24.5	0.0	0.0	0.0	24.5	
WV	643		MS	4.45	0.0	0.0	0.0	4.45	
WV	643		MS	10.2	0.0	0.0	0.0	10.2	
WV	643		MS	17.0	0.0	0.0	0.0	17.0	
WV	643		FR	24.5	0.0	0.0	0.0	24.5	
WV	869		MS	4.45	0.0	0.0	0.0	4.45	

(700) Price Offerings Including Voice Rate Data  
Data Collection Form

FCC Form 481  
OMB Control No. 3050-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	200267
<015>	Study Area Name	ARMSTRONG TEL. CO.
<020>	Program Year	2018
<030>	Contract Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext.. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@aqoc.com

1/1/2017	
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	Residential Local Service Charge Effective Date	Single State-wide Residential Local Service Charge
<701>		
<702>		

<703>

[illegible]



FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

200267

<711>

[illegible]

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code		200267
<015>	Study Area Name		ARMSTRONG TEL. CO.
<020>	Program Year		2018
<030>	Contact Name - Person USAC should contact regarding this data		Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>		7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>		ccurtis@agoc.com
<810>	Reporting Carrier		Armstrong Tel. Co.
<811>	Holding Company		Armstrong Holdings, Inc.
<812>	Operating Company		Armstrong Tel. Co

[illegible]

Response Line 510  
Armstrong Telephone Company – Northern Division  
Study Area 200267

**§54.313(a)(5) – COMPLIANCE WITH SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION**

**Voice Network**

Pursuant to 47 C.F.R. § 54.313(a)(5) and or 47 C.F.R. § 54.422(b)(3) Armstrong Telephone Company – Northern Division (“Armstrong”) is in compliance with appropriate FCC Service Quality Standards and Consumer Protection Rules. Armstrong provides CPNI training to all of its new employees and in addition trains all of its existing employees on an annual basis. Armstrong also conducts subscriber outreach regarding CPNI by placing CPNI explanation onto its website at [www.agoc.com](http://www.agoc.com) which informs subscribers about CPNI rules and other applicable customer rights and obligations. In addition Armstrong trains staff on Red Flag issues on an annual basis. All company employees are required to sign and acknowledge that they have completed CPNI and Red Flag training and understand obligations to adherence of applicable rules.

Armstrong also outlines its rates, terms, and conditions under which Armstrong offers service in its Local Exchange Tariff. The tariff explains customer rights and obligations, customer service, dispute resolution, deposits, billing and payment options, disconnection of service as well as cancellation of service options. Armstrong keeps its tariffs available for public inspection at its business offices.

**Broadband Network**

Pursuant to 47 C.F.R. § 54.313(a)(5) and or 47 C.F.R. § 54.422(b)(3) Armstrong is in compliance with applicable FCC Service Quality Standards and Consumer Protection Rules. Armstrong trains staff on applicable rules for broadband services issues on an annual basis. In addition Armstrong has placed on its website at [www.agoc.com](http://www.agoc.com) its network practices and policies regarding FCC’s Net Neutrality Rules.

Armstrong also outlines its rates, terms, and conditions under which Armstrong offers Broadband service in National Exchange Carrier Association, Inc. (“NECA”) Tariff #5 to Internet Service Providers (“ISPs” or an “ISP”). The Tariff explains customer rights and obligations, customer service, dispute resolution, deposits, billing and payment options, disconnection of service as well as cancellation of service options. Public inspection of NECA Tariff #5 can be found on NECA’s website. Retail DSL rates, terms, and conditions for retail services are provided by the ISP.

Response Line 610  
Armstrong Telephone Company – Northern Division  
Study Area 200267

**§54.313(a)(6) – ABILITY TO FUNCTION IN EMERGENCY SITUATIONS**

**Voice Network**

Pursuant to 47 C.F.R. § 54.313(a)(6) and 47 C.F.R § 54.22(b)(4) as set forth in 47 C.F.R. § 54.202(a)(2) Armstrong Telephone Company – Northern Division (“Armstrong”) meets the requirements to remain functional in emergency situations and has the following capabilities: Back-up power is provided to Armstrong’s central office by use of a generator and batteries that provide to provide emergency power. Armstrong has also sufficient spare cards for its fiber optic network to provide almost instantaneous replacement should there ever be a card failure in the core network. Armstrong also has proper staff in place to repair any fiber cuts in a timely manner. Armstrong has connectivity with neighboring telephone exchanges as well as the LATA tandem to provide diverse options to reroute traffic should an emergency arise. Armstrong has developed and trained its staff on network preparedness plans in case of emergency situations. Armstrong is prepared and capable of managing traffic spikes resulting from emergency situations and has sufficient switching capabilities to handle such situations.

**Broadband Network**

Pursuant to 47 C.F.R. § 54.313(a)(6) and 47 C.F.R § 54.22(b)(4) as set forth in 47 C.F.R. § 54.202(a)(2) Armstrong Telephone Company – Northern Division (“Armstrong”) meets the requirements to remain functional in emergency situations and has the following capabilities: Back-up power is provided to Armstrong central offices by use of a generator and batteries that provide it with 8 to 12 hours of emergency power that is also used to provide service to the broadband network. In addition, Armstrong field electronics have 8 to 12 hours of back-up power by use of generators and batteries. Armstrong has also sufficient spare cards for its fiber optic network to provide almost instantaneous replacement should there ever be a card failure in the core network. Armstrong also has proper staff in place to repair any fiber cuts in a timely manner. Armstrong has connectivity with neighboring telephone exchanges as well as the LATA tandem to provide diverse options to reroute traffic should an emergency arise. Armstrong has developed and trained its staff on network preparedness plans in case of emergency situations.

Response to Line 1010  
Armstrong Telephone Company – Northern Division  
Study Area 200267

### Voice Services Comparability Report

Pursuant to 47 C.F.R. § 54.313 (a) (10) Armstrong Telephone Company – Northern Division (the “Company”) is in compliance with the requirement that voice services is no more than two standard deviations above the national average urban rate for voice service of \$49.51 as specified in Public Notice DA 17-167 issued on February 14, 2017. The Company’s current total local end-user rate(S) <sup>1</sup> as specified below:

Thrifty Caller is \$4.45 (which includes a local fee of \$4.45, mandated state fees of \$0.00 and mandatory extended area service charges of \$0.00)

Community Caller is \$10.20 (which includes a local fee of \$10.20, mandated state fees of \$0.00 and mandatory extended area service charges of \$0.00)

Community Caller Plus is \$17.00 (which includes a local fee of \$17.00, mandated state fees of \$0.00 and mandatory extended area service charges of \$0.00)

Frequent Caller is \$24.50 (which includes a local fee of \$24.50, mandated state fees of \$0.00 and mandatory extended area service charges of \$0.00)

are not above the standard deviation as specified in the USF/ICC Transformation Order. <sup>2</sup>

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<sup>1</sup> Local End User Rate as defined in USF/ICC Transformation Order 26 FCC Rcd at 17751, Para. 238

<sup>2</sup> USF/ICC Transformation Order, 26 FCC Rcd at 17694, Para. 84 (footnote included) “The standard deviation is a measure of dispersion. The sample standard deviation is the square root of the sample variance. The sample variance is calculated as the sum of the squared deviations of the individual observations in the sample of data from the sample average divided by the total number of observations in the sample minus one. In a normal distribution, about 68 percent of the observations lie within one standard deviation above and below the average and about 95 percent of the observations lie within two standard deviations above and below the average.”

Response to Line 1030  
Armstrong Telephone Company – Northern Division  
Study Area 200267

**§54.313(a)(11) – BROADBAND SERVICES COMPARABILITY REPORT**

Pursuant to 47 C.F.R. § 54.313 (a) (11) Armstrong Telephone Company – Northern Division charges a residential rate of \$65.00 for broadband providing 10 Mbps download, 1 Mbps upload, and an unlimited usage allowance. This rate is lower than \$77.98, which is the 2017 reasonable comparability benchmark for the same offering established by the Wireline Competition Bureau.<sup>1</sup>

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<sup>1</sup> *Wireline Competition Bureau Announces Results of 2017 Urban Rate Survey for Fixed Voice and Broadband Services and Posting of Survey Data and Explanatory Notes*, Public Notice, WC Docket No. 10-90, DA 17-167 (rel. February 14, 2017).

LOCAL EXCHANGE RATES AND REGULATIONS

3. TEL-ASSISTANCE SERVICE (CONT'D)

Rates (cont'd)

Tel-Assistance subscribers are not required to pay the Federal Subscriber Line Charge.

A first-time Tel-Assistance subscriber may, at his or her option and for a period of 120 days following the commencement of his or her Tel-Assistance Service, change back to the service he or she had immediately prior to commencement of his or her Tel-Assistance service, and the following regulations will be in effect for such changes in service:

No nonrecurring service change charges will apply.

The customer will be billed only the local exchange rates and charges for the time that his or her Tel-Assistance Service was in effect that would have been charged for that period had the subscriber not subscribed to Tel-Assistance service.

4. LOW-INCOME PROGRAMS

The Company, as part of its obligations as an Eligible Telecommunications Carrier, offers one (1) low-income assistance program. This program, Lifeline Assistance, is offered under the terms and conditions provided below: (C)

A. Lifeline Assistance

1. General

Lifeline Assistance is a retail service offering available to qualifying low-income subscribers, as provided for below. Lifeline Assistance enables eligible subscribers to pay reduced charges for the following package of services: voice-grade access to the public switched network; voice grade access to the public switched network or its functional equivalent; minutes of use for local service provided at no additional charge to end users; access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911, to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems; and toll limitation services to qualifying low-income consumers.

(C)  
|  
(C)

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 12-0914-T-T dated July 30, 2012, effective August 1, 2012.

Issued June 30, 2012

Effective August 1, 2012

LOCAL EXCHANGE RATES AND REGULATIONS

4. LOW-INCOME PROGRAMS (CONT'D)

A. Lifeline Assistance (Cont'd)

2. Regulations

a) Unless other eligibility requirements are established by the Commission, Lifeline Assistance is available to all subscribers who participate in one of the following programs: Medicaid; Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps; Supplemental Security Income (SSI); Federal Public Housing Assistance; Low-Income Home Energy Assistance Program (LIHEAP); National School Lunch Program's free lunch program; Temporary Assistance for Needy Families (TANF), or whose household income is below 135% of the Federal Poverty Guidelines for a household of that size.

(C)

(C)

b) Each subscriber to Lifeline Assistance must certify in writing to the Company, under penalty of perjury, that she/he receives benefits under a program outlined in sub-paragraph (b) (1), above, and must, on that same document, agree to notify the Company if she/he ceases to participate in the program. The certification form shall conform to the requirements described herein, and shall be made available upon request to any subscriber. The Company shall retain all such subscriber certifications in order to furnish proof of subscriber eligibility as may be required from time to time by Universal Service administrators.

(C)

c)

(D)

(D)

(D)

d) A subscriber may elect at the time of subscription or later to Lifeline Assistance to receive toll limitation as part of Lifeline Assistance. "Toll limitation" is a service that allows a subscriber to elect not to allow the completion of outgoing toll calls from the subscriber's residence.



LOCAL EXCHANGE RATES AND REGULATIONS4. LOW-INCOME PROGRAMS (CONT'D)

## A. Lifeline Assistance (Cont'd)

## 2. Regulations (Cont'd)

- a) Lifeline Assistance will not be disconnected for non-payment of toll charges, unless the Company first obtains a waiver from the Commission by demonstrating to the Commission that the Company would otherwise incur substantial costs, that the Company offers toll limitation without charge, and that telephone subscribership among low-income consumers. For purposes of this paragraph, a "low-income consumer" is one with an income below the poverty level for a family of four residing in West Virginia. The Company shall follow all applicable notice provisions as established, from time to time, by the Commission, as part of using a waiver, if granted. The Company may apply for waivers as necessary.
- f) The Company may not collect a service deposit in order to initiate Lifeline Assistance if the qualifying low-income subscriber voluntarily elects toll limitation from the Company.

- 3. Lifeline Assistance provides a Federal credit of \$9.25 on the subscriber's monthly service bill.

(C)  
|

(C)

- 4. The Company shall apply the baseline payments received by the administrator of the federal Lifeline Assistance program to waive the qualifying customers' federal End-User Common Line Charge. The Company shall apply any additional federal support amount to the qualifying customer's basic local exchange service rate.
- 5. To be eligible for Lifeline Assistance, qualifying customers must subscribe to the lowest priced, basic local exchange service offering that is made available at the subscriber's domicile.

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 12-0914-T-T dated July 30, 2012, effective August 1, 2012.

Issued June 30, 2012

Effective August 1, 2012

Superseding

LOCAL EXCHANGE RATES AND REGULATIONS

4. LOW-INCOME PROGRAMS (CONT'D)

A. Lifeline Assistance (Cont'd)

6. Partial payments that are received from Lifeline customers shall first be applied to local service charges and then to any outstanding toll charges.

B. Link Up

1. General

The Link Up program has been eliminated by the Federal Communications Commission effective April 1, 2012.

(C)

(C)

(D)

(D)

Armstrong Telephone Company-Northern Division  
(Corporate Name)

P.S.C. No. 3 Telephone

Section 3

Original Leaf No.

First Revised Leaf No. 20

Superseding

Original Leaf No. 20

LOCAL EXCHANGE RATES AND REGULATIONS

4. LOW-INCOME PROGRAMS (CONT'D)

(D)

(D)

C. All aspects of the Lifeline Assistance program shall be subject to the interpretation of applicable Federal regulations and any directives which may from time to time be prescribed by the Universal Service Administrative Company. These rules are separate and apart from any rules prescribed as part of a state Universal Service program.

(C)

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 12-0422-T-T dated April 17, 2012, effective May 6, 2012.

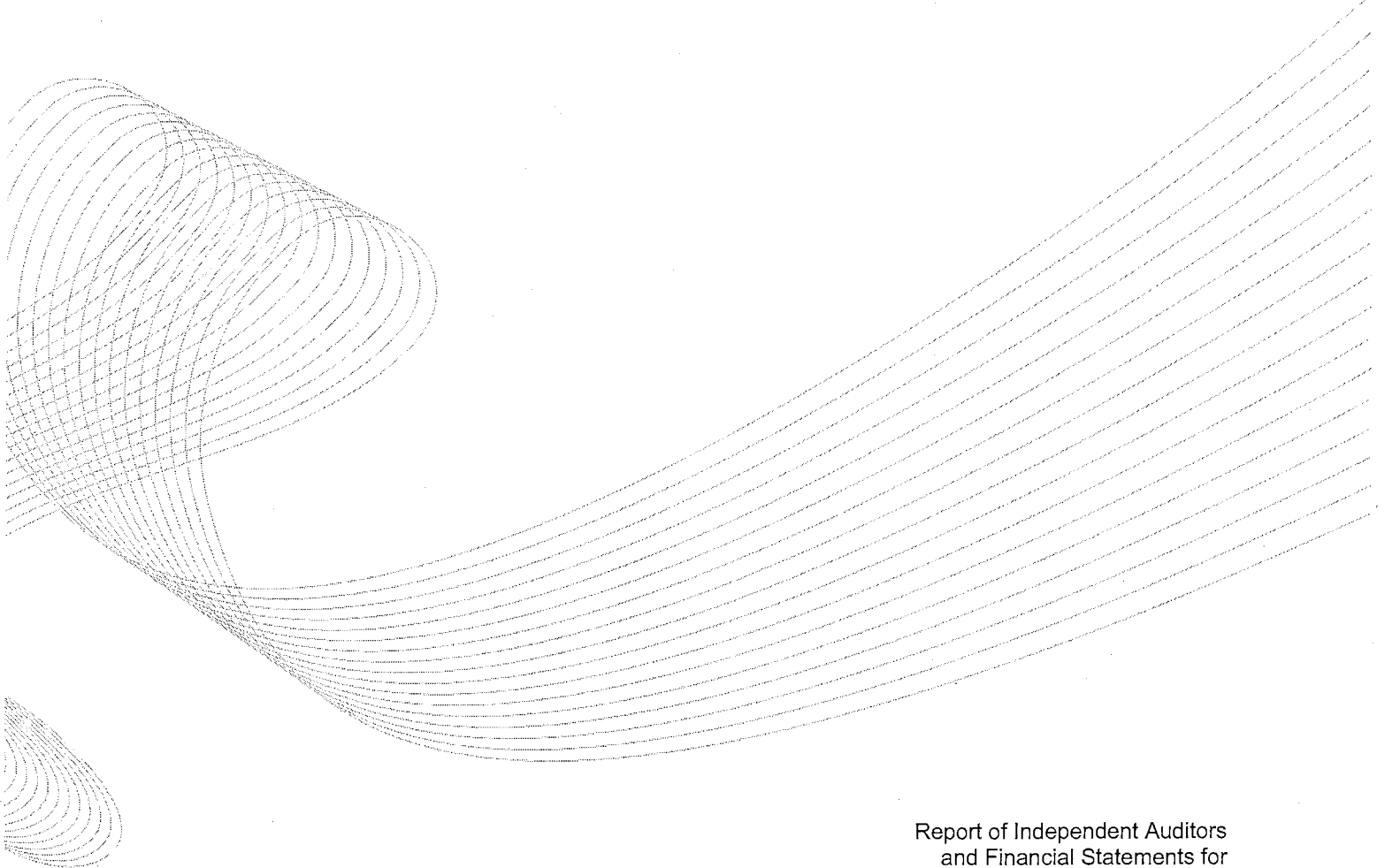
Issued April 6, 2012

Effective May 6, 2012

Response to Line3010  
Armstrong Telephone Company – Northern Division  
Study Area 200267

#### Milestone Certification

Pursuant to 47 C.F.R. § 54.202(a) Armstrong Telephone Company – Northern Division (the “Company”) provides this certification that it is taking reasonable steps to provide upon reasonable request broadband speeds of at least 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to offerings in urban areas as determined in an annual survey as specified in Public Notice DA 17-167, and that requests for such service are met within a reasonable amount of time. Details for how the Company is meeting its obligations for meeting its goals and required obligations are specified within the FCC Form 481 annual filing.

An abstract graphic consisting of numerous thin, overlapping, curved lines that sweep across the upper half of the page from left to right, creating a sense of motion and depth.

Report of Independent Auditors  
and Financial Statements for

Armstrong Telephone Company –  
Northern Division, Inc.

September 30, 2016 and 2015

**MOSS-ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

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Statements of operations	5
Statements of stockholder's equity	6
Statements of cash flows	7
Notes to financial statements	8-15

## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Armstrong Telephone Company – Northern Division, Inc.

### **Report on Financial Statements**

We have audited the accompanying financial statements of Armstrong Telephone Company – Northern Division, Inc. (Company), which comprise the balance sheets as of September 30, 2016 and 2015, and the related statements of operations, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

**REPORT OF INDEPENDENT AUDITORS**  
**(continued)**

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Armstrong Telephone Company – Northern Division, Inc. as of September 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*MOSS ADAMS LLP*

Spokane, Washington  
January 10, 2017



**ARMSTRONG TELEPHONE COMPANY – NORTHERN DIVISION, INC.**  
**BALANCE SHEETS**

---

**ASSETS**

	September 30,	
	2016	2015
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 265,915	\$ 353,360
Subscriber accounts receivable, net of allowance of \$13,894 and \$9,161 in 2016 and 2015, respectively	122,627	122,732
Other accounts receivable, net of allowance of \$3,757 and \$4,768 in 2016 and 2015, respectively	652,265	287,430
Material and supplies	250,509	202,645
Other current assets	61,509	70,556
Total current assets	1,352,825	1,036,723
<b>PROPERTY, PLANT, AND EQUIPMENT</b>		
Telecommunications plant in service	17,689,227	19,244,325
Nonregulated plant in service	474,042	474,042
Telecommunications plant under construction	41,331	353,649
	18,204,600	20,072,016
Less accumulated depreciation	14,733,676	15,758,018
	3,470,924	4,313,998
	<u>\$ 4,823,749</u>	<u>\$ 5,350,721</u>

**ARMSTRONG TELEPHONE COMPANY – NORTHERN DIVISION, INC.**  
**BALANCE SHEETS**

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**LIABILITIES AND STOCKHOLDER'S EQUITY**

	September 30,	
	2016	2015
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 354,606	\$ 411,318
Income tax payable, parent company	244,893	40,290
Other accrued taxes	13,016	52,491
Other accrued liabilities	212,751	205,667
	<u>825,266</u>	<u>709,766</u>
<b>RELATED PARTY NOTE PAYABLE</b>	<u>650,000</u>	<u>650,000</u>
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>		
Deferred income taxes	<u>512,755</u>	<u>548,157</u>
<b>STOCKHOLDER'S EQUITY</b>		
Common stock (\$1,000 par value; 250 shares authorized, 135 shares issued and outstanding)	135,000	135,000
Retained earnings	2,700,728	3,307,798
	<u>2,835,728</u>	<u>3,442,798</u>
	<u><u>\$ 4,823,749</u></u>	<u><u>\$ 5,350,721</u></u>

**ARMSTRONG TELEPHONE COMPANY – NORTHERN DIVISION, INC.**  
**STATEMENTS OF OPERATIONS**

	Years Ended September 30,	
	2016	2015
Operating revenues		
Wireline		
Customer	\$ 1,847,508	\$ 1,838,305
Intercarrier		
Interstate	1,533,533	1,623,633
Intrastate	580,295	597,448
Universal service support - federal	1,240,244	1,064,435
	<u>5,201,580</u>	<u>5,123,821</u>
Internet	<u>1,373,744</u>	<u>1,145,965</u>
Miscellaneous		
Equipment	112,474	113,600
Carrier billing and collection	17,964	17,964
Directory	23,429	33,343
Uncollectible and other	2,398	7,613
	<u>156,265</u>	<u>172,520</u>
Total operating revenues	<u>6,731,589</u>	<u>6,442,306</u>
Operating expenses		
Plant specific operations	2,097,805	2,128,992
Plant nonspecific operations	945,734	697,359
Depreciation	739,114	632,178
Customer operations	770,274	671,284
Corporate operations	1,837,283	1,913,897
Other operating taxes	78,387	97,670
Nonregulated	993,394	855,139
	<u>7,461,991</u>	<u>6,996,519</u>
Net operating loss	<u>(730,402)</u>	<u>(554,213)</u>
Nonoperating expense		
Interest expense	(4,663)	(544)
Other nonoperating income	15,223	13,751
	<u>10,560</u>	<u>13,207</u>
Loss before income taxes	<u>(719,842)</u>	<u>(541,006)</u>
Income tax benefit	<u>112,772</u>	<u>142,751</u>
Net loss	<u>\$ (607,070)</u>	<u>\$ (398,255)</u>

**ARMSTRONG TELEPHONE COMPANY – NORTHERN DIVISION, INC.**  
**STATEMENTS OF STOCKHOLDER'S EQUITY**

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	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, September 30, 2014	\$ 135,000	\$ 3,706,053	\$ 3,841,053
Net loss	<u>-</u>	<u>(398,255)</u>	<u>(398,255)</u>
Balance, September 30, 2015	135,000	3,307,798	3,442,798
Net loss	<u>-</u>	<u>(607,070)</u>	<u>(607,070)</u>
Balance, September 30, 2016	<u>\$ 135,000</u>	<u>\$ 2,700,728</u>	<u>\$ 2,835,728</u>

**ARMSTRONG TELEPHONE COMPANY – NORTHERN DIVISION, INC.**  
**STATEMENTS OF CASH FLOW**

	Years Ended September 30,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (607,070)	\$ (398,255)
Adjustments to reconcile net loss to net cash from operating activities		
Depreciation	739,114	632,178
Deferred income taxes	(35,402)	16,989
Change in assets and liabilities		
Receivables	(44,031)	228,964
Material and supplies	(71,367)	(26,237)
Other assets	9,047	651
Accounts payable	(56,712)	45,329
Income taxes payable/receivable	204,603	11,756
Other accrued liabilities	(32,391)	31,017
Net cash from operating activities	105,791	542,392
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net acquisition of property, plant, and equipment	(193,236)	(1,173,599)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on related party note payable	(350,000)	-
Proceeds from related party note payable	350,000	650,000
Net cash from financing activities	-	650,000
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(87,445)	18,793
<b>CASH AND CASH EQUIVALENTS at beginning of year</b>	353,360	334,567
<b>CASH AND CASH EQUIVALENTS at end of year</b>	\$ 265,915	\$ 353,360
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION</b>		
Cash paid during the year for		
Interest	\$ 1,065	-
Income taxes	\$ 69,946	\$ 51,000
<b>NONCASH OPERATING ACTIVITIES</b>		
Exchange of equipment and materials for affiliate receivable	\$ 320,699	\$ -

## ARMSTRONG TELEPHONE COMPANY – NORTHERN DIVISION, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1 – Summary of Significant Accounting Policies**

**Description of entity** – Armstrong Telephone Company – Northern Division, Inc. (Company) is an incumbent local exchange carrier that provides telephone and other related telecommunications services, Internet, inside wire, and customer premise equipment in the state of West Virginia. The Company is wholly owned by Armstrong Holdings, Inc. (AHI).

**Accounting policies** – The financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to regulated public utilities. Such accounting principles are consistent, in all material respects, with accounting prescribed by the Federal Communications Commission (FCC).

**Accounting estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include depreciation expense and interstate access revenues. Actual results could differ from those estimates.

**Cash and cash equivalents** – Cash and cash equivalents are defined as short-term, highly liquid investments that were purchased with an original maturity of three months or less and are readily convertible into cash. Cash equivalents are stated at cost and primarily consist of money market savings accounts.

**Concentration of risk** – The Company's cash is held by several banking institutions. At various times throughout the year, cash balances exceeded federally insured limits of \$250,000.

In 2016 and 2015, the Company received \$1,240,244 or 18% and \$1,064,435 or 17%, respectively, of its revenue from the Federal Universal Service Fund.

**Accounts receivable** – Accounts receivable are stated at the amount management expects to collect on outstanding balances. The Company reviews the collectibility of accounts receivable annually based upon an analysis of outstanding receivables, historical collection information, and existing economic conditions. Receivables from subscribers are due 30 days after issuance of the subscriber bill. Receivables from other exchange carriers are typically outstanding from 30 to 60 days before payment is received. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

**Material and supplies** – Material and supplies are valued at the lower of cost or market determined by specific identification.

## **ARMSTRONG TELEPHONE COMPANY – NORTHERN DIVISION, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1 – Summary of Significant Accounting Policies (continued)**

**Property, plant, and equipment** – Property, plant, and equipment are stated at original cost. Regulated plant includes assets that are jointly used for regulated and nonregulated activities. The cost of additions and substantial betterments of property, plant, and equipment is capitalized. The cost of maintenance and repairs is charged to operating expenses.

In accordance with composite group depreciation methodology, when a portion of Company's regulated depreciable property, plant, and equipment is retired in the ordinary course of business, the gross book value is charged to accumulated depreciation.

Depreciation of Company's nonregulated plant is provided by the straight-line method over the estimated useful lives of the assets. Upon retirement, sale, or other disposition of nonregulated investments, the cost and related accumulated depreciation are removed from the related accounts and the resulting gains or losses are included in operations.

**Income taxes** – The Company is a member of a group that files consolidated federal and state tax returns. Accordingly, income taxes payable to (refundable from) the tax authorities are recognized on the financial statements of the parent company who is the taxpayer for income tax purposes. The members of the consolidated group allocate payments to any member of the group for the income tax reduction resulting from the member's inclusion in the consolidated return, or the member makes payments to the parent company for its allocated share of the consolidated income tax liability. The result of these allocations is reported on the accompanying balance sheet under the caption "Income tax payable, parent company." The parent company files consolidated tax returns with tax authorities based on a fiscal year ending September 30.

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for taxable temporary differences and deferred tax liabilities are recognized for deductible temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company records uncertain tax positions if the likelihood the position will be sustained upon examination is less than 50%. As of September 30, 2016 and 2015, the Company had no accrued amounts related to uncertain tax positions. Interest and penalties, if any, are recorded as interest expense and other expense, respectively.

**Revenue recognition** – Monthly service fees derived from local wireline and Internet are billed one month in advance, but recognized in the month that service is provided.

**ARMSTRONG TELEPHONE COMPANY – NORTHERN DIVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

**Revenue recognition (continued)** – Usage sensitive revenues, such as access (revenues earned for originating/terminating long distance calls) and long distance, are generally billed as a per-minute charge. Although these revenues are billed in arrears, an estimate of unbilled revenues is accrued in the month service is provided.

Interstate access revenues are included in settlements based on the Company's participation in the revenue pools administered by the National Exchange Carrier Association (NECA). Settlement revenues are determined by annually prepared separations and interstate access cost studies. These studies are prepared subsequent to year end and, therefore, the related revenues are recorded on the books based on an estimate of NECA pool earnings and on other assumptions related to information utilized in the preparation of the Company's cost study. The studies are subject to a 24-month pool earnings adjustment period and a review of the study by NECA. There was an insignificant revenue impact on 2016 and 2015 for adjustments related to prior year differences between the recorded estimates and actual revenues. Furthermore, management does not anticipate that 2016 and 2015 recorded revenues will require significant adjustments in future years.

Access revenues are classified in wireline revenues above as follows:

- Customer revenues include end user charges such as the Subscriber Line Charge (SLC), the Federal Universal Service Charge (FUSC), Access Recovery Charge (ARC), and special access billed to end users.
- Universal service support includes the amounts received from the Universal Service Fund for High Cost Loop Support (HCLS), Interstate Common Line Support (ICLS) and Connect America Fund Support (CAF).
- All access charge and settlement revenue except as described above is classified as intercarrier revenue.

Internet revenues are derived from the provision of customer access to the public Internet, excluding revenues attributable to DSL transport (line costs between the customer and the Company's equipment that routes Internet traffic). Interstate access revenues include settlements from NECA that compensate the Company for the DSL transport related to the provision of Internet services.

Wireline universal service support revenue is intended to compensate the Company for the high cost of providing rural telecommunications service. Universal service support revenue includes funds received for HCLS, ICLS, CAF, and other miscellaneous programs. HCLS and ICLS are based on the Company's relative level of operating expense and plant investment. Support from the CAF is based on a historical frozen amount related to 2011 investment and expenses associated with the switching function and certain 2011 intrastate access revenues, which together make up the CAF base. The CAF base will be reduced by 5% each year in determining CAF support.



## **ARMSTRONG TELEPHONE COMPANY – NORTHERN DIVISION, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1 – Summary of Significant Accounting Policies (continued)**

**Regulation** – The Company's services are subject to rate regulation as follows:

- Local telephone and intrastate access revenues are regulated by the state regulatory commission. The FCC also has assumed preemptive authority to regulate intrastate telecommunications services, including intrastate access rates.
- Interstate access revenues are regulated by the FCC through its regulation of rates and settlements procedures as administered by NECA.
- Universal service revenues are administered by Universal Service Administrative Company (USAC), based on rules established by the FCC.

The FCC released an Order and Further Notice of Proposed Rulemaking (FNPRM) in 2016 that reforms the High Cost Program supporting rate-of-return carriers. The following changes have been implemented to modernize the program:

- Provides support for stand-alone broadband services and investment;
- Requires broadband deployment based on the number of locations lacking service and the cost of providing service;
- Requires allowances for capital investments and limits on operational expenses; and
- Phases out support for areas served by a qualifying competitor.

The FNPRM also created two paths to receive high cost support for rate of return carriers. The model based option is voluntary and is a fixed amount of support for ten years. The legacy mechanism reforms the existing ICLS mechanism to support stand-alone broadband and will now be known as the Connect America Fund Broadband Loop Support (CAF BLS).

Effective November 1, 2016, the Company made an election to participate in the model based option as described above.

Other sources of revenues are not rate regulated, and include long distance, equipment sales, Internet, billing and collection, and other incidental services.

Nonregulated expenses and nonregulated plant are directly attributable to the following nonregulated services: Internet and miscellaneous revenues.

All other operating expenses and telecommunications plant are related primarily to wireline revenues. However, some of these costs jointly relate to regulated and nonregulated services. For interstate access settlements, universal service support, rate case and other regulatory purposes, the portion of these common costs related to nonregulated activities are removed in accordance with Part 64 of the FCC rules in order to ensure regulated revenues are based on costs of providing regulated services.

**ARMSTRONG TELEPHONE COMPANY – NORTHERN DIVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

**Advertising expenses** – The Company expenses advertising costs as incurred. Advertising expenses during the years ended September 30, 2016 and 2015, were \$13,919 and \$15,124, respectively.

**Allowance for funds used during construction (AFUDC)** – The Company records as income and capitalizes as a cost of construction the cost of financing large construction projects spanning a period greater than two months. The Company uses a weighted-average interest rate based on total Company long-term debt. No amounts were capitalized at September 30, 2016 or 2015.

**Subsequent events** – Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are available to be issued.

The Company has evaluated subsequent events through January 10, 2017, which is the date the financial statements are available to be issued.

**Reclassifications** – For comparability, certain of the 2015 figures have been reclassified in order to conform to the 2016 presentation. These reclassifications had no effect on net loss as previously reported.

**ARMSTRONG TELEPHONE COMPANY – NORTHERN DIVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 2 – Property, Plant, and Equipment**

Telecommunications plant balances, together with accumulated depreciation balances, consist of the following at September 30:

	Depreciation Rate	Plant Account	Accumulated Depreciation	2016 Net Balance	2015 Net Balance
<b>Regulated</b>					
General support assets	5 - 20 years	\$ 1,926,247	\$ 1,732,540	\$ 193,707	\$ 197,646
Central office assets	8 - 12 years	3,770,882	3,251,238	519,644	699,824
Cable and wire facilities	10 - 30 years	11,992,098	9,275,856	2,716,242	3,062,879
Plant under construction	n/a	41,331	-	41,331	353,649
		<u>17,730,558</u>	<u>14,259,634</u>	<u>3,470,924</u>	<u>4,313,998</u>
<b>Nonregulated</b>					
Internet	5 years	94,817	94,817	-	-
CPE	5 years	362,665	362,665	-	-
Other	5 years	16,560	16,560	-	-
		<u>474,042</u>	<u>474,042</u>	<u>-</u>	<u>-</u>
		<u>\$ 18,204,600</u>	<u>\$ 14,733,676</u>	<u>\$ 3,470,924</u>	<u>\$ 4,313,998</u>

**Note 3 – Related Party Note Payable**

Long-term debt consists of related party note payable with the following balance as of September 30:

	Interest Rates (Fixed)	Maturity Dates	2016	2015
Armstrong Holdings, Inc.	0.48%	2018	\$ 650,000	\$ 650,000
Less current portion			<u>-</u>	<u>-</u>
			<u>\$ 650,000</u>	<u>\$ 650,000</u>

Maturities of long-term debt obligations for the two years following September 30, 2016, are as follows:

2017	\$ -
2018	<u>650,000</u>
	<u>\$ 650,000</u>

All assets of the Company are pledged as security for the long-term debt. Interest on debt was \$4,663 and \$544 for the years ended September 30, 2016 and 2015, respectively.

**ARMSTRONG TELEPHONE COMPANY – NORTHERN DIVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 4 – Income Taxes**

The components of the provision for income tax benefit (expense) are as follows:

	Years Ended September 30,	
	2016	2015
Current		
Federal	\$ 242,248	\$ 303,294
State	(164,877)	(143,554)
Deferred		
Federal	29,536	(28,983)
State	5,865	11,994
	<u>\$ 112,772</u>	<u>\$ 142,751</u>

The provision for income taxes differs from the amount computed by applying the current statutory federal income tax rate to earnings before taxes due to the effects of state taxes (net of federal benefit), nondeductible items, nontaxable items, and prior year over or under accruals.

The provision for state taxes differs from the amount computed by applying the current statutory state income tax rate to earnings before taxes due to the tax-sharing agreement for West Virginia between the Companies. West Virginia state tax expense is allocated based on each Company's proportionate share of property, sales, and payroll activity within the state rather than taxable income.

The components of the net deferred tax (asset) liability recorded in the accompanying balance sheets are:

	September 30,	
	2016	2015
Deferred tax assets		
Accrued employee benefits	\$ (1,597)	\$ (718)
Allowance for doubtful accounts	(6,924)	(5,464)
Total deferred tax assets	<u>(8,521)</u>	<u>(6,182)</u>
Deferred tax liabilities		
Tax amortization and depreciation greater than book	506,632	545,656
Prepaid expenses deducted for tax	14,644	8,683
Total deferred tax liabilities	<u>521,276</u>	<u>554,339</u>
Net deferred tax liabilities	<u>\$ 512,755</u>	<u>\$ 548,157</u>

## **ARMSTRONG TELEPHONE COMPANY – NORTHERN DIVISION, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 4 – Income Taxes (continued)**

The Company had income taxes payable to the parent company of \$244,893 and \$40,290 as of September 30, 2016 and 2015, respectively.

#### **Note 5 – Pension Plan**

Armstrong Utilities, Inc. (AUI), an affiliate, has a noncontributory defined contribution retirement plan (Plan), which covers certain affiliates and substantially all employees of the Company. AUI and certain affiliates, including the Company, contribute 6% of the annual base earnings of all participants to the Plan. Pension costs for the Company for the years ended September 30, 2016 and 2015, were \$63,861 and \$55,103, respectively.

#### **Note 6 – Related Party Transactions**

The Company is an affiliate of The Armstrong Group of Companies and participated in various related party transactions listed below.

The Company received data processing, billing, and other support services from Judco Management, Inc. (Judco) in the amounts of \$1,091,330 and \$984,808 for the years ended September 30, 2016 and 2015, respectively. Additionally, the Company paid Judco \$27,000 for office rent for both years ended September 30, 2016 and 2015. The Company also paid Judco \$16,038 and \$16,044 for use of the corporate airplane for the years ended September 30, 2016 and 2015, respectively.

The Company also received management and other administrative services from Judco in the amounts of \$877,512 and \$873,762 for the years ended September 30, 2016 and 2015, respectively.

The Company received engineering and network support services from AUI in the amounts of \$659,560 and \$647,380 for the years ended September 30, 2016 and 2015, respectively. Additionally, the Company paid AUI \$278,875 and \$205,360 for marketing and operations support services for the years ended September 30, 2016 and 2015, respectively.

As of September 30, 2016 and 2015, included in other accounts receivable, the Company had accounts receivable from affiliates of \$405,282 and \$53,539, respectively, and included in accounts payable, the Company had accounts payable to affiliates of \$203,290 and \$266,639, respectively.